

**HEALTH PLANNING COUNCIL
OF SOUTHWEST FLORIDA,
INC.**

**Financial Statements
and Supplemental
Information**

Years Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Health Planning Council of Southwest Florida, Inc.
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Health Planning Council of Southwest Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Planning Council of Southwest Florida, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the Auditor General* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of Health Planning Council of Southwest Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Health Planning Council of Southwest Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Health Planning Council of Southwest Florida, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
November 9, 2021

Health Planning Council of Southwest Florida, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

| ASSETS | | |
|---|--------------|--------------|
| | 2021 | 2020 |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,683,176 | \$ 1,148,798 |
| Accounts receivable | 1,730,951 | 1,891,271 |
| Accrued revenue | 8,127 | 3,994 |
| Prepaid expenses | 28,802 | 114,830 |
| Total current assets | 3,451,056 | 3,158,893 |
| Property and equipment, net | 17,592 | 12,006 |
| Operating lease right-of-use assets | 121,749 | 314,771 |
| Deposits | 6,563 | 6,563 |
| Total assets | \$ 3,596,960 | \$ 3,492,233 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 223,402 | \$ 273,953 |
| Accrued payroll | 689,736 | 606,946 |
| Retirement plan payable | 36,127 | 35,141 |
| Deferred revenue | 494,523 | 239,924 |
| Operating lease liabilities | 101,582 | 195,714 |
| Total current liabilities | 1,545,370 | 1,351,678 |
| Non-current operating lease liabilities | 20,167 | 119,057 |
| Total liabilities | 1,565,537 | 1,470,735 |
| Net assets: | | |
| Without donor restrictions | 2,031,423 | 2,021,498 |
| Total liabilities and net assets | \$ 3,596,960 | \$ 3,492,233 |

The accompanying notes are an integral part of these financial statements.

Health Planning Council of Southwest Florida, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|-------------------------------|-------------------------------|
| | Without Donor Restrictions | Without Donor Restrictions |
| REVENUES AND SUPPORT | | |
| State grants | \$ 5,589,569 | \$ 4,457,800 |
| Federal grants | 3,118,809 | 4,325,893 |
| Program fees | 1,959,764 | 1,714,633 |
| Contributions | 20,260 | 26,760 |
| Sales | 13,776 | 9,231 |
| Other | 1,453 | 1,647 |
| Interest | <u>2,647</u> | <u>1,153</u> |
| Total revenues and support | <u>10,706,278</u> | <u>10,537,117</u> |
| EXPENSES | | |
| Program services | 10,205,641 | 10,090,033 |
| Administrative and general | <u>490,712</u> | <u>441,409</u> |
| Total expenses | <u>10,696,353</u> | <u>10,531,442</u> |
| Change in net assets | 9,925 | 5,675 |
| Net assets, beginning of year | <u>2,021,498</u> | <u>2,015,823</u> |
| Net assets, end of year | <u>\$ 2,031,423</u> | <u>\$ 2,021,498</u> |

The accompanying notes are an integral part of these financial statements.

Health Planning Council of Southwest Florida, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 9,925 | \$ 5,675 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 4,316 | 3,125 |
| Decrease (increase) in accounts receivable | 160,320 | (494,946) |
| Decrease (increase) in accrued revenue | (4,133) | 1,560 |
| Decrease (increase) in prepaid expenses | 86,028 | (43,234) |
| Decrease in accounts payable | (50,551) | (132,630) |
| Increase in accrued payroll | 82,790 | 95,720 |
| Increase in retirement plan payable | 986 | 8,702 |
| Increase (decrease) in deferred revenue | 254,599 | (114,655) |
| Net cash provided by (used in) operating activities | 544,280 | (670,683) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of furniture and equipment | (9,902) | (9,385) |
| Net cash used in investing activities | (9,902) | (9,385) |
| Net increase (decrease) in cash and cash equivalents | 534,378 | (680,068) |
| Cash and cash equivalents, beginning of year | 1,148,798 | 1,828,866 |
| Cash and cash equivalents, end of year | \$ 1,683,176 | \$ 1,148,798 |
| Significant non-cash transactions - operating lease right-of-use assets: | | |
| Operating lease right-of-use assets | \$ 193,022 | \$ (314,771) |
| Operating lease liabilities | \$ (193,022) | \$ 314,771 |

The accompanying notes are an integral part of these financial statements.

Health Planning Council of Southwest Florida, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

| | Program Services | | | | Supporting Services | | Total Expenses |
|--|------------------|---------------|--------------------------|----------------------------|------------------------|----------------------------------|----------------|
| | Navigator | HOPWA Program | Health Planning Services | Early Intervention Program | Total Program Services | Administration and Other Support | |
| Personnel expenses | | | | | | | |
| Salaries | \$ 73,638 | \$ 63,412 | \$ 127,958 | \$ 5,275,200 | \$ 5,540,208 | \$ 362,013 | \$ 5,902,221 |
| Fringe benefits | 17,227 | 15,774 | 30,895 | 1,235,023 | 1,298,919 | 69,235 | 1,368,154 |
| Total personnel | 90,865 | 79,186 | 158,853 | 6,510,223 | 6,839,127 | 431,248 | 7,270,375 |
| Operating expenses | | | | | | | |
| Rent and utilities | 6,261 | 2,479 | 5,313 | 190,073 | 204,126 | 10,475 | 214,601 |
| Travel | 311 | - | - | 3,605 | 3,916 | - | 3,916 |
| Operating | 8,789 | 4,732 | 22,121 | 259,569 | 295,211 | 48,989 | 344,200 |
| Evaluation contracts | - | - | - | 113 | 113 | - | 113 |
| Total operating | 15,361 | 7,211 | 27,434 | 453,360 | 503,366 | 59,464 | 562,830 |
| Direct expenses | - | 1,688,114 | 597,682 | 577,352 | 2,863,148 | - | 2,863,148 |
| Total expenses before allocation of administrative | 106,226 | 1,774,511 | 783,969 | 7,540,935 | 10,205,641 | 490,712 | 10,696,353 |
| Indirect expenses | | | | | | | |
| Administration and support | 2,675 | 38,510 | 40,857 | 408,670 | 490,712 | (490,712) | - |
| Total expenses | \$ 108,901 | \$ 1,813,021 | \$ 824,826 | \$ 7,949,605 | \$ 10,696,353 | \$ - | \$ 10,696,353 |

The accompanying notes are an integral part of these financial statements.

Health Planning Council of Southwest Florida, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

| | Program Services | | | | Supporting Services | | Total Expenses |
|--|------------------|---------------|--------------------------|----------------------------|------------------------|----------------------------------|----------------|
| | Navigator | HOPWA Program | Health Planning Services | Early Intervention Program | Total Program Services | Administration and Other Support | |
| Personnel expenses | | | | | | | |
| Salaries | \$ 71,673 | \$ 54,444 | \$ 132,745 | \$ 5,154,315 | \$ 5,413,177 | \$ 321,551 | \$ 5,734,728 |
| Fringe benefits | 15,818 | 13,720 | 28,410 | 1,245,766 | 1,303,714 | 50,591 | 1,354,305 |
| Total personnel | 87,491 | 68,164 | 161,155 | 6,400,081 | 6,716,891 | 372,142 | 7,089,033 |
| Operating expenses | | | | | | | |
| Rent and utilities | 8,138 | 1,364 | 7,832 | 191,920 | 209,254 | 6,393 | 215,647 |
| Travel | 1,802 | 1,268 | 3,651 | 14,237 | 20,958 | 2,362 | 23,320 |
| Operating | 5,743 | 4,481 | 14,302 | 303,122 | 327,648 | 60,512 | 388,160 |
| Evaluation contracts | - | - | - | 2,550 | 2,550 | - | 2,550 |
| Total operating | 15,683 | 7,113 | 25,785 | 511,829 | 560,410 | 69,267 | 629,677 |
| Direct expenses | - | 1,021,143 | 596,962 | 1,194,627 | 2,812,732 | - | 2,812,732 |
| Total expenses before allocation of administrative | 103,174 | 1,096,420 | 783,902 | 8,106,537 | 10,090,033 | 441,409 | 10,531,442 |
| Indirect expenses | | | | | | | |
| Administration and support | 5,570 | 19,111 | 32,262 | 384,466 | 441,409 | (441,409) | - |
| Total expenses | \$ 108,744 | \$ 1,115,531 | \$ 816,164 | \$ 8,491,003 | \$ 10,531,442 | \$ - | \$ 10,531,442 |

The accompanying notes are an integral part of these financial statements.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – NATURE OF COUNCIL

Health Planning Council of Southwest Florida, Inc. (the “Council”) was incorporated on December 29, 1982, under the laws of Florida as a nonprofit organization to provide health planning services and to promote the planning and development of a local comprehensive health care delivery system. The Council is responsible for health planning for a seven-county area which includes Charlotte, Collier, DeSoto, Glades, Hendry, Lee and Sarasota counties.

In addition, the Council runs several programs which provide health care and other services to various populations within this area, as well as in Hardee, Highlands, and Manatee counties.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Framework

The Council's financial statements have been prepared using the accrual reporting framework. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

2. Basis of Presentation

Support from federal and state grants are recorded based upon the terms of the grantor allotments, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred.

Contributions and grants received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. The Council reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Council reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Basis of Presentation (continued)

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Council to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. There were no assets with donor restrictions at June 30, 2021 and 2020.

3. Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The Council adopted ASC 606 and all related amendments effective July 1, 2019.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Council recognizes federal and state and grants from other not-for-profit organizations on the accrual basis. Support and revenues from grants and contracts are generally recognized as eligible costs are incurred and/or as required services are performed. Grants are generally deemed to be exchange transactions.

Contributions are generally recognized as revenue when received or designated at a point in time and when any barriers to recognition have been overcome. Contributions received generally do not have a right of return. Contributions received with restrictions that are met in the same fiscal year are accounted for as contribution without restrictions.

The adoption of ASC 606 and ASC 958-605 had no significant impact on the Council's financial statements.

4. Allocation of Expenses

The costs of providing program and related support services have been presented in detail in the statements of functional expenses and are summarized on a functional basis in the statements of activities.

5. Property and Equipment

Property and equipment are recorded at cost. Donated assets, if any, are recorded at their fair market value at the time of donation. Additions and major renewals in excess of \$1,000 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets, which range from two to five years. The cost of maintenance and repairs is charged to operations, as incurred. See Note G for additional information.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Income Taxes

The Council has been granted a ruling that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Council is a non-profit Florida corporation and, therefore, is not subject to state income taxes. Accordingly, no provision for income taxes has been made. The Council is not considered a private foundation within the meaning of Section 509(a) of the Code.

The Council has not identified any tax positions that it would consider uncertain tax positions as defined by the FASB Accounting Standards Code Section 740.

7. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Council considers all unrestricted, highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

8. Compensated Absences

The Council accrues for vacation benefits earned by employees, but not yet taken. The Council's employees are not entitled to payment for unused sick days. As of June 30, 2021 and 2020, compensated absences totaled \$421,237 and \$379,836, respectively, and are included in accrued payroll on the statements of financial position.

9. Deferred Revenue

Deferred revenue represents income received but not yet earned.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. Lease Liability

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. The Council adopted the standard effective June 30, 2020 using the cumulative-effect adjustment transition method, which applies the provisions of the standard at the effective date without adjusting the prior period. The Council adopted the following practical expedients and elected the following accounting policies relating to this standard update:

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Lease Liability (continued)

- Short-term lease accounting policy election allowing lessees to not recognize right-of-use assets and liabilities for leases with a term of 12 months or less; and
- The option to not separate lease and non-lease components for certain equipment lease asset categories

Adoption of this standard resulted in the recognition of operating lease right-of-use assets and corresponding lease liabilities of \$314,771 on the balance sheet as of June 30, 2020. See Note K for further information.

Rental expense for operating leases is recognized by amortizing the right-of-use asset on a straight-line basis over the term of the respective lease and is included in rent and utilities in the statement of functional expenses.

The present value of the lease liability was calculated using the risk-free rate with a weighed-average of 0.30%. The weighted-average remaining lease term is 1.83 years.

Operating leases with a term of 12 months or less are not recorded on the statement of financial position and rental expense is recognized on a straight-line basis over the term of the lease.

NOTE C – CONCENTRATION OF CREDIT RISK

The Council maintains its cash and cash equivalent accounts at a commercial banking institution located in Fort Myers, Florida. Accounts at the commercial banking institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The uninsured balances at June 30, 2021 and 2020, were \$1,552,912 and \$1,255,681, respectively, and consisted of short-term, government-backed, pooled investments held in a sweep account.

NOTE D – ACCRUED REVENUE

The majority of the Council's grants are reimbursed based on actual expenditures paid. Accrued revenue represents qualifying expenditures which have not been paid prior to year-end but for which the Council has incurred a liability. The off-setting expenses are included in accounts payable on the statements of financial position.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Early Intervention Program – State of Florida | \$ 1,187,724 | \$ 1,352,513 |
| HOPWA Program | 330,591 | 307,129 |
| Disaster Coalition | 129,500 | 129,500 |
| Other | 40,561 | 63,259 |
| Health Planning – State of Florida | 22,727 | 22,727 |
| Navigator Program – USF | 19,848 | 16,143 |
| | <u>\$ 1,730,951</u> | <u>\$ 1,891,271</u> |

Accounts receivable are recorded at cost. All accounts receivables are considered collectible; therefore, no allowance for bad debts has been recorded.

NOTE F – RETIREMENT PLAN

The Council has a defined contribution retirement plan covering all employees who meet the age and service requirement. Employer contributions are based on 10% of participants' compensation. Employees are 100% vested after 5 years of service. The Council's contributions for the years ended June 30, 2021 and 2020, were \$506,143 and \$469,899, respectively, and are included in fringe benefits in the statements of functional expenses.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|------------------|------------------|
| Office equipment | \$ 31,443 | \$ 31,443 |
| Leasehold improvements | 35,175 | 35,175 |
| Software | 20,640 | 20,640 |
| Computer equipment | 26,784 | 16,882 |
| | 114,042 | 104,140 |
| Less: accumulated depreciation | <u>(96,450)</u> | <u>(92,134)</u> |
| | <u>\$ 17,592</u> | <u>\$ 12,006</u> |

Depreciation expense for the years ended June 30, 2021 and 2020, was \$4,316 and \$3,125, respectively, and is included in operating expenses in the statements of functional expenses.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H – DEFERRED REVENUE

Deferred revenue consisted of advances on grants and contracts which had been received by the Council but had not yet been earned. Deferred revenue, as of June 30, 2021 and 2020, was as follows:

| | 2021 | 2020 |
|----------------------------|------------|------------|
| Early Intervention program | \$ 248,862 | \$ 40,223 |
| Disaster Coalitions | 158,126 | 189,392 |
| FHA funds | 87,535 | - |
| HOPWA program | - | 8,044 |
| Other | - | 2,265 |
| | \$ 494,523 | \$ 239,924 |

NOTE I – BANK LINE OF CREDIT

The Council entered into a \$500,000 line of credit agreement with Iberia Bank on March 31, 2020. The line of credit is governed by a loan agreement. It matured in March 2021, was renewed in June 2021, and will mature on September 30, 2022. There were no amounts drawn from the line during the fiscal years ended June 30, 2021 and 2020.

NOTE J – ECONOMIC DEPENDENCY

The Council receives a substantial amount of its income from grants which are on a year-to-year basis. During the year ended June 30, 2021, the Council received 92.7% of its income from three grants totaling \$9,920,350. During the year ended June 30, 2020, the Council received 95.7% of its income from three grants totaling \$10,088,533.

NOTE K – LEASE LIABILITY

The Council entered into leases for its Lee County facilities which commenced on September 1, 2014, and expired on August 31, 2018. The Council renewed the lease on September 1, 2018 for another four years, expiring on August 31, 2022. The leases are cancellable at any time by providing the landlord with 60 day's advance written notice. Rental expense under these leases for the years ended June 30, 2021 and 2020, was \$90,664 and \$90,936, respectively.

The Council also entered into a lease for office space in Sarasota County. The lease commenced on July 1, 2016, and expired on June 30, 2017. The Council has the option to renew this lease on an annual basis. Since July 1, 2017, the lease has been renewed on a yearly basis. On July 1, 2020, the Council renewed the lease until June 30, 2021. The lease is cancellable at any time by providing the landlord with 90 day's advance written notice. Rental expense under this lease for the years ended June 30, 2021 and 2020, was \$96,021 per year.

The Council also entered into a lease for office space in Highlands County. The lease commenced on November 1, 2016, and expired on October 31, 2017, and renewed for period November 1, 2017, and expired on October 31, 2018. In November 2019, the Council renewed the lease until October 31, 2022. Rental expense under this lease for the years ended June 30, 2021 and 2020, was \$10,200 and \$10,160, respectively.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE K – LEASE LIABILITY (continued)

The Council also entered into various leases for its office equipment. The leases are for 36 months with various expiration dates through March 2023. Rental expense under these leases for the years ended June 30, 2021 and 2020, was \$8,182 and \$4,030, respectively.

The Council's maturity analysis of operating lease liabilities as of June 30, 2021 were as follows:

| | | |
|---------------------------------------|----|------------------|
| 2022 | \$ | 101,582 |
| 2023 | | 20,426 |
| Total lease payments | | <u>122,208</u> |
| Less imputed interest | | <u>(259)</u> |
| Present value of lease liabilities | | 121,749 |
| Less current obligation | | <u>(101,582)</u> |
| Long-term obligation at June 30, 2021 | \$ | <u>20,167</u> |

NOTE L – RECONCILIATION OF EXPENDITURES OF FEDERAL AWARDS

Federal grant revenue recognized on the statement of activities is reconciled to the supplementary schedule of expenditures of federal awards and state financial assistance for the year ended June 30, 2021, as follows:

| | | |
|--------------------------------|----|------------------|
| Federal grant revenue | \$ | 3,118,809 |
| Change in deferred revenue | | <u>(10,270)</u> |
| Expenditures of federal awards | \$ | <u>3,108,539</u> |

NOTE M – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Council. Those expenses that are directly attributable to the Council's programs have been allocated to the various programs. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Indirect costs have been allocated among the programs based on the percentage of full-time employees utilized by each program.

NOTE N – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 9, 2021, which is the date the financial statements were available to be issued.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE O – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Council’s financial assets available within one year of the statements of financial position date for general expenditures are as follows:

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,683,176 | \$ 1,148,798 |
| Accounts receivable | 1,730,951 | 1,891,271 |
| Accrued revenue | 8,127 | 3,994 |
| Prepaid expenses | 28,802 | 114,830 |
| Total financial assets available within one year | <u>3,451,056</u> | <u>3,158,893</u> |
| Accounts payable | 223,402 | 273,953 |
| Accrued payroll | 689,736 | 606,946 |
| Retirement plan payable | 36,127 | 35,141 |
| Deferred revenue | 494,523 | 239,924 |
| Total amounts unavailable for general expenditures within one year | <u>1,443,788</u> | <u>1,155,964</u> |
| Total net financial assets available within one year | <u>\$ 2,007,268</u> | <u>\$ 2,002,929</u> |

As part of the Council’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE P – RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Coalition’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global pandemic situation.

SUPPLEMENTAL INFORMATION



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Partners

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American Institute of
Certified Public
Accountants

Florida Institute of
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To the Board of Directors of
Health Planning Council of Southwest Florida, Inc.
Fort Myers, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Health Planning Council of Southwest Florida, Inc. (the "Council") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
November 9, 2021



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of
Health Planning Council of Southwest Florida, Inc.
Fort Myers, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Health Planning Council of Southwest Florida, Inc.'s (the "Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Health Planning Council of Southwest Florida, Inc.'s major federal programs and state projects for the year ended June 30, 2021. The Council's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650, *Rules of the Auditor General*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Health Planning Council of Southwest Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Health Planning Council of Southwest Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
November 9, 2021

Health Planning Council of Southwest Florida, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditors’ report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditors’ report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identification of major programs:

| <u>Name of Federal Programs</u> | <u>CFDA Number</u> |
|---|--------------------|
| Housing Opportunities for Persons with AIDS Program | 14.241 |

Health Planning Council of Southwest Florida, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2021

Section I – Summary of Auditors’ Results (continued)

State Financial Assistance

- | | |
|--|---------------|
| 1. Type of auditors’ report issued on compliance for major projects: | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$750,000 |

Identification of major projects:

| <u>Name of State Project</u> | <u>CSFA Number</u> |
|--|--------------------|
| Florida Department of Health – Maintenance of Effort | 64.022 |

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

None reported (no corrective action plan or management letter required)

Section IV – Status of Prior Year Audit Findings

There were no prior year audit findings.

Health Planning Council of Southwest Florida, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2021

| Grantor/Program Title | CFDA CSFA # | Grant Number | Expenditures |
|---|-----------------|-----------------|---------------------|
| Federal Awards: | | | |
| U.S. Department of Health and Human Services | | | |
| Passed through The University of South Florida PPHF Cooperative Agreement to Support Navigators in Federally facilitated and State Partnership Marketplaces | 93.332 | N/A | \$ 107,885 |
| Passed through the State of Florida Florida Department of Health: National Bioterrorism Hospital Preparedness Program | 93.889 | COPAM | 514,360 |
| Grant Disbursement Agreement Diabetes Self-Management Education | 93.426 / 93.435 | COHW6 | 50,008 |
| Passed through Florida Hospital Association, Inc. Health Care Coalition Association COVID-19 Preparedness and Response Activities | 93.889 | FHA | 113,357 |
| U.S. Department of Education | | | |
| Passed through the State of Florida FL Department of Health, Children's Medical Services: Special Education - Grants to Infants and Families with Disabilities | 84.181 | COQZE | 516,339 |
| U.S. Department of Housing and Urban Development | | | |
| Passed through the State of Florida Florida Department of Health: Housing Opportunities for Persons with AIDS (Payments to subrecipients - \$341,473) | 14.241 | CODME | 1,464,707 |
| CARES / COVID | 14.241 | CODTJ | 146,552 |
| Manatee (Payments to subrecipients - \$39,765) | 14.241 | CODSG | <u>195,331</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,108,539</u> |
| State Financial Assistance: | | | |
| Florida Department of Health | | | |
| Special Education - Grants to Infants Family with Disabilities | 64.022 | COQZE | \$ 5,498,660 |
| Passed through the Health Council of South Florida Local Health Councils | 64.032 | CORGW | <u>90,909</u> |
| Total Expenditures of State Financial Assistance | | | <u>\$ 5,589,569</u> |
| Total Expenditures of Federal Awards and State Financial Assistance | | | <u>\$ 8,698,108</u> |

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), State of Florida Chapter 10.650, *Rules of the Auditor General*, and the Department of Financial Service's *State Projects Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Federal portion of the Florida Healthy Kids Corp. pass-through grant could not be identified. Therefore, the entire grant has been reported as federal funding.

Note 2 - Contingency

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Note 3 - Indirect Cost Rates

The Council has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2021. The indirect cost rates used on the Council's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditors' report.